

*These notes refer to the Tax Credits Act 2002
(c.21) which received Royal Assent on 8 July 2002*

TAX CREDITS ACT 2002

EXPLANATORY NOTES

CONSULTATION AND SCRUTINY

15. In his March 1999 Budget, the Chancellor of the Exchequer announced that the Government intended to create two new tax credits, one for families with children and the other for working households facing disadvantage. In his March 2000 Budget, the Chancellor announced that the new credits would be introduced from 2003.
16. In July 2001, the Inland Revenue published a consultative document, *New Tax Credits: Supporting families, making work pay and tackling poverty* which set out how the Government envisaged the new credits would work and sought views from interested parties. Over 170 responses to the consultative document were received by the end of October 2001. A summary of the responses and further details of the proposed new tax credits were published by the Treasury on 29 November 2001.
17. The Tax Credits Bill was introduced in the House of Commons on 28 November 2001 and given its second reading on 10 December 2001. The Bill was considered by Standing Committee A between 15 and 24 January 2002. Consideration and Third Reading were on 7 February 2002, and on the same day the Bill was brought from the House of Commons to the House of Lords.
18. In April 2002, the Treasury and the Inland Revenue jointly published a document, *The child and working tax credits: the modernisation of Britain's tax and benefit system (number 10)*, which set out in detail the proposed value of the various elements of, and thresholds for, the two tax credits.
19. The Bill received its Second Reading in the Lords on 23 April 2003. It was considered in Grand Committee between 16 and 28 May 2002, and Report Stage was on 12 and 13 June 2002. The Bill received its Third Reading in the Lords on 20 June 2002.
20. While the Bill was before the House of Lords, the Inland Revenue submitted a number of memoranda on the powers to make delegated legislation under the Bill to the Select Committee on Delegated Powers and Regulatory Reform. The Committee reported its view in two published reports. The relevant reports were the Sixteenth Report (20 March 2002) and the Twentieth Report (15 May 2002). The relevant Inland Revenue memoranda were annexed to those reports.
21. The Bill returned to the House of Commons for consideration of Lords amendments on 26 June 2002. It subsequently returned to the Lords for consideration of Commons reasons on 4 July 2002. This completed the Bill's Parliamentary passage. Royal Assent was given on 8 July 2002.